

GOOD SAMARITAN SERVICES
Financial Statements
June 30, 2024
With Independent Auditor's Report

Good Samaritan Services
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June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Good Samaritan Services:

Report on the Audit on the Financial Statements

Opinion

We have audited the financial statements of Good Samaritan Services (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Good Samaritan Services as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Good Samaritan Services and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Restatement

As more fully described in Note 3 to the financial statements, management discovered that an endowment was held in perpetuity should have been reflected as unrestricted as it was not donor restricted, but rather board designated. The correction of error resulted in an increase in net assets without donor restrictions and a decrease in net assets with donor restrictions in the amount of \$1,159,894 as of July 1, 2023. Our opinion is not modified with respect to that matter.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Good Samaritan Services' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Good Samaritan Services' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Good Samaritan Services' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report January 17, 2025, on our consideration of Good Samaritan Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Good Samaritan Services' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Good Samaritan Services' internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

January 17, 2025

Good Samaritan Services
Statement of Financial Position
June 30, 2024

Assets

Cash	\$ 189,988
Contributions and government grants receivable	27,795
Investments	1,268,809
Prepaid expenses and other	24,900
Property and equipment, net	<u>3,384,710</u>
 Total assets	 <u>\$ 4,896,202</u>

Liabilities and Net Assets

Accounts payable and accrued expenses	\$ 148,060
Line of credit	119,991
Notes payable	<u>1,205,975</u>
Total liabilities	<u>1,474,026</u>

Net assets

Without donor restrictions	
Operating	2,107,972
Board designated - Supportive Housing Fund	<u>1,159,825</u>
	3,267,797
With donor restrictions	<u>154,379</u>
Total net assets	<u>3,422,176</u>
 Total liabilities and net assets	 <u>\$ 4,896,202</u>

The Notes to Financial Statements are an integral part of this statement.

Good Samaritan Services
Statement of Activities
Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support			
Contributions	\$ 1,588,913	\$ 70,748	\$ 1,659,661
Contributions in-kind	438,676	-	438,676
Government grants	91,295	-	91,295
Client service income	187,816	-	187,816
Special events, net of expenses of \$39,091 in 2024	496,398	-	496,398
Investment income, net	132,558	12,225	144,783
Other income	13,882	-	13,882
Net assets released from restrictions	396,164	(396,164)	-
Endowment spending policy	6,486	(6,486)	-
Total revenue and support	<u>3,352,188</u>	<u>(319,677)</u>	<u>3,032,511</u>
Expenses			
Program services			
Housing	2,752,581	-	2,752,581
Supporting services			
General and administrative	141,916	-	141,916
Fundraising	<u>373,043</u>	<u>-</u>	<u>373,043</u>
Total expenses	<u>3,267,540</u>	<u>-</u>	<u>3,267,540</u>
Change in assets	84,648	(319,677)	(235,029)
Net assets			
Beginning of year, as restated	<u>3,183,149</u>	<u>474,056</u>	<u>3,657,205</u>
End of year	<u>\$ 3,267,797</u>	<u>\$ 154,379</u>	<u>\$ 3,422,176</u>

The Notes to Financial Statements are an integral part of this statement.

Good Samaritan Services
Statement of Functional Expenses
Year Ended June 30, 2024

	<u>Housing</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,131,389	\$ 85,748	\$ 219,182	\$ 1,436,319
Employee benefits	162,256	12,297	31,434	205,987
Payroll taxes	96,245	7,294	18,646	122,185
Bank fees	1,047	185	-	1,232
Depreciation	147,619	746	745	149,110
Dues and subscriptions	2,334	2,403	2,334	7,071
Insurance	70,496	1,164	2,512	74,172
Interest expense	54,622	-	-	54,622
Miscellaneous	50,785	10,044	35,529	96,358
Postage and shipping	-	1,992	4,648	6,640
Printing	-	-	33,393	33,393
Professional fees	49,109	6,856	14,391	70,356
Program expense	684,002	-	-	684,002
Repairs and maintenance	82,023	5,984	1,496	89,503
Supplies	11,416	3,045	761	15,222
Telephone	51,452	1,072	1,072	53,596
Travel	32,346	2,452	6,266	41,064
Utilities	125,440	634	634	126,708
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 2,752,581</u>	<u>\$ 141,916</u>	<u>\$ 373,043</u>	<u>\$ 3,267,540</u>

The Notes to Financial Statements are an integral part of this statement.

Good Samaritan Services
Statement of Cash Flows
Year Ended June 30, 2024

Operating activities

Change in net assets	\$ (235,029)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	149,110
Net realized and unrealized gain on investments	(123,959)
Change in operating assets and liabilities	
Contributions and government grants receivable	49,903
Prepaid expenses and other	(14,076)
Accounts payable and accrued expenses	<u>25,533</u>
Net cash used in operating activities	<u>(148,518)</u>

Investing activities

Purchases of investments	(30,191)
Proceeds from sale of investments	290,478
Purchase of property and equipment	<u>(617,544)</u>
Net cash used in investing activities	<u>(357,257)</u>

Financing activities

Proceeds from issuance of notes payable	350,000
Proceeds from line of credit	119,991
Repayment of notes payable	<u>(61,954)</u>
Net cash provided by financing activities	<u>408,037</u>

Net change in cash

(97,738)

Cash

Beginning of year	<u>287,726</u>
End of year	<u>\$ 189,988</u>

The Notes to Financial Statements are an integral part of this statement.

Good Samaritan Services
Notes to Financial Statements
June 30, 2024

1. NATURE OF ORGANIZATION

Good Samaritan Services ("Good Sam") is a Pennsylvania nonprofit organization created in 1999. Good Sam provides a full continuum of care to individuals and families experiencing homelessness or are at-risk of becoming homeless in Lancaster and Chester Counties. Responding with compassion to the challenges of poverty-related needs across Lancaster and Chester Counties, Good Sam takes a customized approach to helping men, women, and children overcome homelessness and hardships. Good Sam serves over 800 people every year; providing a flexible spectrum of services ranging from emergency housing to eviction prevention, along with financial empowerment programs, professional therapy, and compassionate case management to help people get back on their feet in a sustainable way. Good Sam owns 16 properties, totaling over 100 beds and over 35,000 square feet, which are used to provide Short-Term Housing and case management services to our participants. We strive to create homes and work environments that make our participants feel valued and dignified.

In addition to the properties we own, which are used for housing, Good Sam assists up to 60 individuals and families every day through Supportive Housing by helping them avoid eviction or stabilize in their own housing through personalized case management.

Good Sam is equipped to help individuals and families experiencing any level of housing crisis. We can help someone experiencing street homelessness by welcoming them into our Short-Term Housing or help someone stay in their home through Supportive Housing, and everything in between. Good Sam's 10 full-time case workers meet people wherever they are on their journey from crisis to stability.

Good Sam provides the following housing programs:

Short-Term Housing

Good Sam has Short-Term Housing in Phoenixville, Kennett Square, Ephrata and Coatesville which serve people coming from anywhere within Lancaster and Chester Counties. Participants are generally in our Short-Term Housing from eight months to a year-and-a-half. At all facilities, participants are provided with food, clothing, toiletries, linens and towels. While in the program, the participants receive compassionate case management which includes personalized stability plans with individualized goals. Our participants work on these goals weekly with their dedicated case worker. These goals will help our participants reach long-term stability. Our comprehensive program provides financial empowerment training, professional therapy, and referrals to other agencies as well as opportunities to build relationships and community through our mentorship program, groups, and workshops.

Supportive Housing

For families and individuals who are at risk of losing their housing due to potential eviction, rising housing costs, a traumatic life event impacting their income, or any other housing instabilities, Good Sam is able to help through Supportive Housing. We can serve over 60 individuals and families per day across Lancaster and Chester Counties in this capacity. This also serves as a crucial stepping stone for individuals and families transitioning from our Short-Term Housing into their own homes in the community. Good Sam provides over \$200,000 a year in rental support to help people stabilize in their own housing paired with the same individualized case management and access to resources as our Short-Term Housing.

Good Samaritan Services
Notes to Financial Statements
June 30, 2024

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). As a result, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

Good Sam reports information regarding its financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of Good Sam and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

This category also includes net assets subject to donor-imposed restrictions that neither expire by passage of time nor can be satisfied by actions of Good Sam.

Accounting Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of Good Sam. Unobservable inputs reflect Good Sam's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that Good Sam has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect Good Sam's own assumptions.

Good Samaritan Services
Notes to Financial Statements
June 30, 2024

The assets of liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

This valuation methodology may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Good Sam believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Contributions and Government Grants Receivable

Good Sam records contributions and government grants receivable that are expected to be collected within one year at net realizable value. Contributions and government grants receivable with expected collection past one year are recorded at net present value using risk-free rates applicable to the years in which the promises are received. Good Sam monitors the collectability of these receivables and an allowance for uncollectible promises to give is recorded based on historical experience, and a review of subsequent collections. Good Sam has determined that no allowance for uncollectible accounts was necessary at June 30, 2024.

Investments and Investment Income

Investments in debt and equity securities with readily determinable fair values are reported at fair value as determined by quoted market prices with gains and losses included in the statement of activities. Dividend and interest income is recorded as earned. Restricted investment income whose restrictions are satisfied in the same period are reported as without donor restrictions.

Donated investments are recorded at fair value at the date of receipt.

Good Sam invests in a professionally-managed portfolio that contains various types of securities (See Note 4). Such investments are exposed to market and credit risks. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in the near term would materially affect investment balances and the amounts reported in the financial statements.

Property and Equipment

Purchased property and equipment are recorded at cost less accumulated depreciation. Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, Good Sam reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 years to 35 years.

Good Sam reviews and evaluates its property and equipment for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. An impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the assets. If the carrying value exceeds the cash flows, then recorded amounts of the assets are reduced to their fair value.

Good Samaritan Services
Notes to Financial Statements
June 30, 2024

Contributions and Government Grants

Contributions and government grants received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions and government grants whose restrictions are satisfied in the same period are reported as without donor restrictions.

Unconditional contributions and government grants are recognized as revenue when the related promise to give is received. Conditional contributions and government grants are recognized as revenue when the conditions are satisfied.

Donated Services and Materials

Donated materials are recorded as support and expenses at their estimated fair value on the date of receipt.

Donated services are recorded as support and expenses at their estimated fair value on the date of receipt if such services require specialized skills which would need to be purchased if they were not donated.

Good Sam also receives a significant amount of donated time from a substantial number of volunteers without compensation for its program and supporting services. The financial statements do not reflect the value of these contributed services since they do not require specialized skills or would not typically be purchased if not provided by donation.

Client Service Income

Certain participants of the housing programs paying a monthly program fee, which simulates paying rent, to develop healthy budgeting habits in preparation for living on their own. Client service income is recognized when the payment is due for program services.

Special Event Revenue and Expenses

Special event revenue and expenses are recognized during the period in which the related event occurs. Accordingly, revenue received in advance for special events that are held subsequent to year-end is deferred and expenses paid in advance for special events that are held subsequent to year-end are included in prepaid expenses.

Functional Allocation of Expenses

The costs of providing the various program and supporting services have been presented on a functional basis in the statement of activities and detailed by natural classification in the statement of functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated based upon estimates of time and effort or relative square footage.

Concentration of Credit Risk

Financial instruments that potentially subject Good Sam to concentration of credit risk are cash and accounts receivable. Good Sam maintains cash accounts at several financial institutions. At times, these accounts may exceed federally-insured limits. Any incurred losses or a lack of access to such funds could have a significant adverse impact on Good Sam's financial condition, change in net assets, and cash flows. Accounts receivable consist of contributions, which were valued using Level 2 inputs, and amounts due from clients. Substantially all of the accounts receivable at June 30, 2024 are expected to be collected in 2025.

Income Tax Status

Good Sam qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and no provision or liability for income taxes is included in the accompanying financial statements.

Good Samaritan Services
Notes to Financial Statements
June 30, 2024

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain tax positions. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. Good Sam believes that it had no uncertain tax positions as defined in GAAP.

3. RESTATEMENT

During 2024, management determined that one of its endowment funds previously recorded as a net asset to be maintained indefinitely should've been recorded as net assets without donor restrictions during 2019. As a result, an adjustment was made to decrease net assets with donor restrictions and increase net assets without donor restrictions by \$1,159,894 at July 1, 2023. During 2024, the Supportive Housing Fund was approved to be recorded as a board designated net asset (See Note 8).

The effects of the correction of error on the financial statements as of July 1, 2023 is as follows:

	<u>As of July 1, 2023</u>	<u>Correction of Error</u>	<u>As of July 1, 2023 (as Restated)</u>
Statement of financial position			
Net assets without donor restrictions	\$ 2,023,255	\$ 1,159,894	\$ 3,183,149
Net assets with donor restrictions	<u>1,633,950</u>	<u>(1,159,894)</u>	<u>474,056</u>
	<u>\$ 3,657,205</u>	<u>\$ -</u>	<u>\$ 3,657,205</u>

4. INVESTMENTS

Investments consisted of the following at June 30, 2024:

Money market funds	\$ 17,636
Mutual and exchange traded funds	
Fixed income	297,681
Equity	<u>953,492</u>
	<u>\$ 1,268,809</u>

Investments were measured at fair value using Level 1 inputs.

Investment income consisted of the following for the year ended June 30, 2024:

Interest and dividends	\$ 30,189
Net realized loss	(19,855)
Net unrealized gain	143,814
Less: Investment management fees	<u>(9,365)</u>
	<u>\$ 144,783</u>

Good Samaritan Services
Notes to Financial Statements
June 30, 2024

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2024:

Land	\$ 237,008
Buildings and improvements	4,002,675
Vehicles	44,065
Furniture and equipment	<u>120,266</u>
Total property and equipment, at cost	4,404,014
Less: Accumulated depreciation	<u>(1,019,304)</u>
Total property and equipment, net	<u>\$ 3,384,710</u>

6. LINE OF CREDIT

Good Sam has a \$275,000 bank line of credit that expires March 2025. Advances under the credit line are payable on demand, bear interest at the Wall Street Journal's prime rate plus 2% (10.50% at June 30, 2024) and are secured by a mortgage on one of Good Sam's properties. The line of credit had an outstanding balance of \$119,991 at June 30, 2024.

7. NOTES PAYABLE

Notes payable at June 30, 2024 consisted of the following:

Mortgage note payable, bank (a)	\$ 89,366
Mortgage note payable, bank (b)	110,250
Mortgage note payable, bank (c)	127,877
Loan payable, foundation (d)	18,000
Term note payable, bank (e)	29,648
Term note payable, bank (f)	235,051
Mortgage note payable, bank (g)	247,936
Mortgage note payable, bank (h)	<u>347,847</u>
	<u>\$ 1,205,975</u>

(a) The mortgage note payable to the bank is due in monthly installments of \$856, including interest at 4.25%, through April 2025 plus a final payment of \$83,019 in May 2025. The note is secured by a mortgage on the property located at 104-106 High Street in Phoenixville.

(b) The mortgage note payable to the bank is due in monthly installments of \$852 plus interest at the Wall Street Journal prime rate plus .75% (9.25% at June 30, 2024) through December 2034. The note is secured by a mortgage on the property located at 25 West Locust Street in Ephrata.

(c) The mortgage note payable to the bank is in due monthly installments of \$1,191, including interest at 3.875%, through November 2026. In December 2026, monthly payments become \$997 plus interest at the Wall Street Journal prime rate plus .75% through October 2035. The note is secured by a mortgage on the property located at 21 West Locust Street in Ephrata.

(d) The loan payable to the foundation is due in four annual installments of \$4,000 plus interest at 4.00% through December 2026 and a final payment of \$6,000 in December 2027. The loan is unsecured.

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June 30, 2024

- (e) The term note payable to the bank is due in monthly installments of \$473, including interest at 4.25%, through April 2025 plus a final payment of \$25,944 in May 2025. The note is secured by a mortgage on the property located at 318 Main Street in Phoenixville.
- (f) The term note payable to the bank is due in monthly installments of \$1,862, including interest at 3.875%, through November 2026. In December 2026 monthly payments become \$1,472 plus interest at the Wall Street Journal prime rate plus .75% through November 2038. The note is secured by a mortgage on the property located at 616 N Lime Street in Lancaster.
- (g) The mortgage note payable to the bank is due in monthly installments of \$1,688.62, including interest at 3.875%, through June 2026. In July 2026, monthly payments become \$1,282 plus interest at the Wall Street Journal prime rate plus .75% through June 2041. The note is secured by a mortgage on the property located at 118 East Locust Street in Ephrata.
- (h) The mortgage note payable to the bank is due in monthly installments of \$2,577.13 including interest at 6.337% through June 2029. In July 2029 monthly payments become \$1,627.45 plus interest at the Wall Street Journal prime rate plus .75% through March 2044. The note is secured by a mortgage on the property at 25 West Locust Street in Ephrata.

Scheduled principal payments on the notes payable at June 30, 2024 are as follows:

2025	\$ 179,357
2026	63,035
2027	68,616
2028	71,176
2029	68,709
Thereafter	<u>755,082</u>
	<u>\$ 1,205,975</u>

8. NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATED

Good Sam’s board designated net assets are designated for the following at June 30, 2024:

	<u>Balance</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>June 30, 2024</u>
Supportive Housing Fund	<u>\$ 1,159,894</u>	<u>\$ 132,558</u>	<u>\$(132,627)</u>	<u>\$ 1,159,825</u>

Good Samaritan Services
Notes to Financial Statements
June 30, 2024

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2024 consisted of contributions and investment income restricted for the following purposes:

	<u>Balance</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>June 30, 2024</u>
Purpose restrictions				
Matched savings program	\$ 2,031	\$ 15,000	\$ (10,150)	\$ 6,881
Property renovations	-	21,295	(15,786)	5,509
Summer Camp	-	6,453	(1,446)	5,007
Counseling programs	26,071	-	(26,071)	-
Ephrata shelter expansion	124,772	28,000	(124,772)	28,000
Kennett Square shelter expansion and start up	213,000	-	(213,000)	-
Other programs	<u>4,939</u>	<u>-</u>	<u>(4,939)</u>	<u>-</u>
	<u>370,813</u>	<u>70,748</u>	<u>(396,164)</u>	<u>45,397</u>
To be maintained indefinitely				
Endowment (historical cost is \$100,000)	<u>103,243</u>	<u>12,225</u>	<u>(6,486)</u>	<u>108,982</u>
	<u>\$ 474,056</u>	<u>\$ 82,973</u>	<u>\$ (402,650)</u>	<u>\$ 154,379</u>

Net assets with donor restrictions to be maintained indefinitely at June 30, 2024 consisted of an endowment, the income from which is without donor restrictions.

An accounting standard exists which provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Good Sam is not subject to this guidance since Pennsylvania has not enacted a version of UPMIFA. The standard also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

In accordance with Pennsylvania statutes, Good Sam has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of these endowment assets over the long-term. Good Sam's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The spending policy distributes an amount equal to a specified percentage of a moving three-year average of the fair value of the endowment funds.

10. DONATED SERVICES AND MATERIALS

Donated services and materials received are included in in-kind contributions and programs expenses in the accompanying financial statements and consisted of the following for the year ended June 30, 2024:

Food	\$ 358,717
Program supplies	<u>79,959</u>
Total	<u>\$ 438,676</u>

Good Samaritan Services
Notes to Financial Statements
June 30, 2024

11. RETIREMENT PLAN

Good Sam offers a Simple IRA plan for employees. The plan provides for Good Sam to make matching contributions up to 3% of employees' compensation. Good Sam's contributions to the plan were \$26,707 for the year ended June 30, 2024.

12. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects Good Sam's financial assets as of June 30, 2024 and the amounts available for general expenditures during the year after the date of the statement of financial position. Good Sam considers all expenditures related to its ongoing activities of providing the established programs as general expenditures.

Cash	\$ 189,988
Contributions and government grants receivable	27,795
Investments	<u>1,268,809</u>
Total financial assets	1,486,592
Less: Financial assets not available for general operations within one year	
Designated for Supportive Housing Fund	(1,159,825)
Restricted by donor for specific purposes	(45,397)
Restricted by donor to be maintained indefinitely	<u>(108,982)</u>
Financial assets available within one year	<u>\$ 172,388</u>

As part of Good Sam's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. Good Sam invests cash in excess of its requirements in a money market fund. In order to manage any liquidity deficiencies or unanticipated liquidity needs, Good Sam has a committed line of credit of \$275,000.

13. CONTINGENCY

Good Sam has a program through which it has guaranteed repayment of loans payable of several of its tenants. The balance of loans payable at June 30, 2024 under the program that Good Sam has guaranteed is \$10,873.

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 17, 2025, the date on which the financial statements were available to be issued. No material subsequent events have occurred that require recognition or disclosure in the financial statements.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Good Samaritan Services:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (“*Government Auditing Standards*”), the financial statements of Good Samaritan Services (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 17, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Good Samaritan Services’ internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Good Samaritan Services’ internal control. Accordingly, we do not express an opinion on the effectiveness of Good Samaritan Services’ internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2024-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Good Samaritan Services’ financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Good Samaritan Services' Response to Findings

Government Auditing Standards require the auditor to perform certain limited procedures on Good Samaritan Services' response to the findings identified in our audit is described in the schedule of finding and questioned costs. Good Samaritan Services' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC".

January 17, 2025

**Good Samaritan Services
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Finding 2024-001: Restatement of Net Assets.

Finding Type: Material weakness over financial reporting.

Criteria: During 2024, management determined that one of its endowment funds previously recorded as a net asset to be maintained indefinitely should've been recorded as net assets without donor restrictions during 2019. As a result, an adjustment was made to decrease net assets with donor restrictions and increase net assets without donor restrictions by \$1,159,894 at July 1, 2023.

Condition and Context: Management determined that one of its endowment funds previously recorded as a net asset to be maintained indefinitely should've been recorded as net assets without donor restrictions during 2019.

Cause: Management was unable to properly determine if the endowment was intended to be maintained indefinitely until new documentation was discovered during the year ended June 30, 2024.

Effect or Potential Effect: As a result, an adjustment was made to decrease net assets with donor restrictions and increase net assets without donor restrictions by \$1,159,894 at July 1, 2023.

Questioned Costs: None.

Recommendation: We recommend that Good Samaritan Services develop a process for reviewing and retaining documentation for endowment funds that is accessible to management and the Board of Trustees.

Management's Response: Management is in the process of creating new controls that will allow financial documents to be shared with both management and the Board of Trustees in order to adopt the recommendation.

Planned Implementation Date of Corrective Action: June 2025.

Person Responsible for Corrective Action: Board Treasurer.